

SCHOOL AND INSTITUTIONAL TRUST FUNDS
BOARD OF TRUSTEES
350 N STATE ST STE 170
SALT LAKE CITY, UT
December 18, 2015

Minutes

Board Members Attending: David Damschen, John Lunt, Duane Madsen, Kent Misener, and David Nixon (by phone).

Others Attending: Peter Madsen, SITFO; Michael Green, OAG; Allen Rollo, OST; Tim Donaldson, Paula Plant, Natalie Gordon, USOE; Margaret Bird, University of Utah, Utah State, et al.

1. Call Meeting to Order

Mr. Damschen called meeting to order.

2. Approval of Minutes

The first item of business was the approval of the minutes from the November 20, 2015 meeting. Mr. Madsen noted the minutes were not yet available as Mr. Rollo, Mr. Donaldson, and he had been spending most of their time interviewing consultants. He asked the review of minutes be done at the next boarding meeting. Mr. Damschen agreed.

3. Distribution Policy Resolution

Mr. Donaldson had prepared a resolution draft which included draft legislation. Mr. Misener initiated a motion to approve 2015-02 resolution Mr. Lunt seconded the motion. The motion to approve the 2015-02 resolution was passed unanimously by Board members.

Mr. Rollo suggested further review of the distribution policies for the other funds outside of the State School Fund. Mrs. Bird indicated the other entities and beneficiaries are considering a similar distribution policy and discussions are ongoing.

Mr. Rollo also proposed revisiting the distribution policy draft for the School Trust fund. The Board discussion led to the conclusion that the distribution policy should remain as is. Mr. Damschen and Mr. Donaldson reminded the Board that the distribution policy is subject to review on an ongoing basis.

4. Investment Beliefs

Mr. Peter Madsen introduced the investment beliefs document and outlined the first three sections which he stated were to introduce the characteristics of the School Trust Fund and to address the mission and objective, with an element addressing behavioral finance. Several changes were suggested by the Board and others in attendance. Mr. Peter Madsen noted he will implement the changes and address additional sections at the next meeting.

5. Investment Consultant

Mr. Peter Madsen expressed gratitude for Mr. Rollo's and Mr. Donaldson's contribution in interviewing the consultants. He indicated the process was halfway through. He explained the rationale, the process, and progress to date. Mr. Peter Madsen suggested scheduling on site visits to the top four candidates. Mr. Damschen noted that a resolution of the Board is not needed to allow Mr. Madsen to continue his evaluation of the consultants as the Board has given guidance to proceed as recommended.

6. Staffing

Mr. Madsen indicated the process was near complete.

7. Investment Review

Mr. Madsen recommended reducing US equity exposure to prepare for future diversification. Mr. Peter Madsen recommended developing a cash allocation of approximately 5% in small incremental amounts over an extended period of time and for contributions to the portfolio to be held in cash. The asset allocation will remain within ranges.

8. Adjourn

There were no other items of business; Mr. Damschen made a motion to adjourn. The board voted unanimously to adjourn the meeting.